

House Study Bill 289

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation by requiring funding of
2 essential services by cities and counties, modifying property
3 assessment guidelines, creating a property assessment appeal
4 board to hear appeals of the actions of local boards of
5 review, tying together the assessment limitations of certain
6 classes of property, and including a retroactive applicability
7 date provision.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 3402YC 81
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1 1 Section 1. NEW SECTION. 25B.8 ESSENTIAL SERVICES FUNDING
1 2 == ALTERNATIVES.
1 3 1. Counties and cities shall first include funding for
1 4 essential services in their budgets before budgeting for
1 5 services that are not essential services. A county or city is
1 6 prohibited from reducing funding for essential services
1 7 provided by the county or city from the level such services
1 8 were funded in the previous year.
1 9 2. For purposes of this section, "essential services"
1 10 means law enforcement, fire protection service, street lights,
1 11 water, sewage and sewage disposal, garbage pickup and garbage
1 12 disposal, landfills, roads and road maintenance, streets and
1 13 street maintenance, bridges and bridge maintenance, sidewalks
1 14 and sidewalk maintenance, snow removal, and local emergency
1 15 management, to the extent such essential services are mandated
1 16 by statute or have been provided in the discretion of the
1 17 county board of supervisors or city council.
1 18 Sec. 2. NEW SECTION. 421.1A PROPERTY ASSESSMENT APPEAL
1 19 BOARD.
1 20 1. A statewide property assessment appeal board is created
1 21 for the purpose of establishing a consistent, fair, and
1 22 equitable property assessment appeal process. The statewide
1 23 property assessment appeal board is established within the
1 24 department of revenue for administrative and budgetary
1 25 purposes. The board's principal office shall be in the office
1 26 of the department of revenue in the capital of the state.
1 27 2. a. The property assessment appeal board shall consist
1 28 of three members appointed to staggered six-year terms,
1 29 beginning and ending as provided in section 69.19, by the
1 30 governor and subject to confirmation by the senate. Subject
1 31 to confirmation by the senate, the governor shall appoint from
1 32 the members a chairperson of the board to a two-year term.
1 33 Vacancies on the board shall be filled for the unexpired
1 34 portion of the term in the same manner as regular appointments
1 35 are made. The term of office for the initial board shall
2 1 begin January 1, 2007.
2 2 b. Each member of the property assessment appeal board
2 3 shall be qualified by virtue of at least two years' experience
2 4 in the area of government, corporate, or private practice
2 5 relating to property appraisal and property tax
2 6 administration. One member of the board shall be a certified
2 7 real estate appraiser or hold a professional appraisal
2 8 designation, one member shall be an attorney practicing in the
2 9 area of state and local taxation or property tax appraisals,
2 10 and one member shall be a professional with experience in the
2 11 field of accounting or finance and with experience in state
2 12 and local taxation matters. No more than two members of the
2 13 board may be from the same political party as that term is

2 14 defined in section 43.2.

2 15 c. The property assessment appeal board shall organize by
2 16 appointing an executive secretary who shall take the same oath
2 17 of office as the members of the board. The board shall set
2 18 the salary of the executive secretary within the limits of the
2 19 pay plan for exempt positions provided for in section 8A.413,
2 20 subsection 2. The board may employ additional personnel as it
2 21 finds necessary.

2 22 3. At the election of a property owner or aggrieved
2 23 taxpayer or an appellant described in section 441.42, the
2 24 property assessment appeal board shall review any final
2 25 decision, finding, ruling, determination, or order of a local
2 26 board of review relating to protests of an assessment,
2 27 valuation, or application of an equalization order.

2 28 4. The property assessment appeal board may do all of the
2 29 following:

2 30 a. Affirm, reverse, or modify a final decision, finding,
2 31 ruling, determination, or order of a local board of review.

2 32 b. Order the payment or refund of property taxes in a
2 33 matter over which the board has jurisdiction.

2 34 c. Grant other relief or issue writs, orders, or
2 35 directives that the board deems necessary or appropriate in
3 1 the process of disposing of a matter over which the board has
3 2 jurisdiction.

3 3 d. Subpoena documents and witnesses and administer oaths.

3 4 e. Adopt administrative rules pursuant to chapter 17A for
3 5 the administration and implementation of its powers, including
3 6 rules for practice and procedure for protests filed with the
3 7 board, the manner in which hearings on appeals of assessments
3 8 shall be conducted, filing fees to be imposed by the board,
3 9 and for the determination of the correct assessment of
3 10 property which is the subject of an appeal.

3 11 f. Adopt administrative rules pursuant to chapter 17A
3 12 necessary for the preservation of order and the regulation of
3 13 proceedings before the board, including forms or notice and
3 14 the service thereof, which rules shall conform as nearly as
3 15 possible to those in use in the courts of this state.

3 16 5. The property assessment appeal board shall employ a
3 17 competent attorney to serve as its general counsel, and
3 18 assistants to the general counsel as it finds necessary for
3 19 the full and efficient discharge of its duties,
3 20 notwithstanding section 13.7. The general counsel is the
3 21 attorney for, and legal advisor of, the board. The general
3 22 counsel or an assistant to the general counsel shall provide
3 23 the necessary legal advice to the board in all matters and
3 24 shall represent the board in all actions instituted in a court
3 25 challenging the validity of a rule or order of the board. The
3 26 general counsel shall devote full time to the duties of the
3 27 office. During employment as general counsel to the board,
3 28 the counsel shall not be a member of a political committee,
3 29 contribute to a political campaign, participate in a political
3 30 campaign, or be a candidate for partisan political office.

3 31 6. The members of the property assessment appeal board
3 32 shall receive a salary commensurate with the salary of a
3 33 district judge. The members of the board, any administrative
3 34 law judges, and any employees of the board, when required to
3 35 travel in the discharge of official duties, shall be paid
4 1 their actual and necessary expenses incurred in the
4 2 performance of duties.

4 3 Sec. 3. Section 428.4, unnumbered paragraph 1, Code 2005,
4 4 is amended to read as follows:

4 5 Property shall be assessed for taxation each year. Real
4 6 estate shall be listed and assessed in 1981 and every two
4 7 years thereafter. The assessment of real estate shall be the
4 8 value of the real estate as of January 1 of the year of the
4 9 assessment. The year 1981 and each odd-numbered year
4 10 thereafter shall be a reassessment year. In any year, after
4 11 the year in which an assessment has been made of all the real
4 12 estate in an assessing jurisdiction, the assessor shall value
4 13 and assess or revalue and reassess, as the case may require,
4 14 any real estate that the assessor finds was incorrectly valued
4 15 or assessed, or was not listed, valued, and assessed, in the
4 16 assessment year immediately preceding, also any real estate
4 17 the assessor finds has changed in value subsequent to January
4 18 1 of the preceding real estate assessment year. However, a
4 19 percentage increase on a class of property shall not be made
4 20 in a year not subject to an equalization order unless ordered
4 21 by the department of revenue. The assessor shall determine
4 22 the actual value and compute the taxable value thereof as of
4 23 January 1 of the year of the revaluation and reassessment.
4 24 The assessment shall be completed as specified in section

4 25 441.28, but no reduction or increase in actual value shall be
4 26 made for prior years. If an assessor makes a change in the
4 27 valuation of the real estate as provided for, sections 441.23,
4 28 441.37, 441.37A, 441.38 and 441.39 apply.

4 29 Sec. 4. Section 441.19, subsection 4, Code 2005, is
4 30 amended to read as follows:

4 31 4. The supplemental returns ~~herein~~ provided for in this
4 32 section shall be preserved in the same manner as assessment
4 33 rolls, but shall be confidential to the assessor, board of
4 34 review, property assessment appeal board, or director of
4 35 revenue, and shall not be open to public inspection, but any
5 1 final assessment roll as made out by the assessor shall be a
5 2 public record, provided that such supplemental return shall be
5 3 available to counsel of either the person making the return or
5 4 of the public, in case any appeal is taken to the board of
5 5 review, to the property assessment appeal board, or to the
5 6 court.

5 7 Sec. 5. Section 441.21, subsection 1, Code 2005, is
5 8 amended by adding the following new paragraph:

5 9 NEW PARAGRAPH. h. The assessor shall determine the value
5 10 of real property in accordance with rules adopted by the
5 11 department of revenue and in accordance with forms and
5 12 guidelines contained in the real property appraisal manual
5 13 prepared by the department as updated from time to time. Such
5 14 rules, forms, and guidelines shall not be inconsistent with or
5 15 change the means, as provided in this section, of determining
5 16 the actual, market, taxable, and assessed values. If the
5 17 director of revenue determines that an assessor has willfully
5 18 disregarded the rules of the department relating to valuation
5 19 of property or has willfully disregarded the forms and
5 20 guidelines contained in the real property appraisal manual,
5 21 the department shall take steps to withhold the reimbursement
5 22 payment authorized in section 425.1 to the county or city, as
5 23 applicable, until the director of revenue determines that the
5 24 assessor is in compliance. The department shall adopt rules
5 25 relating to application of this paragraph.

5 26 Sec. 6. Section 441.21, subsection 2, Code 2005, is
5 27 amended to read as follows:

5 28 2. In the event market value of the property being
5 29 assessed cannot be readily established in the foregoing
5 30 manner, then the assessor may determine the value of the
5 31 property using the other uniform and recognized appraisal
5 32 methods including its productive and earning capacity, if any,
5 33 industrial conditions, its cost, physical and functional
5 34 depreciation and obsolescence and replacement cost, and all
5 35 other factors which would assist in determining the fair and
6 1 reasonable market value of the property but the actual value
6 2 shall not be determined by use of only one such factor. The
6 3 following shall not be taken into consideration: Special
6 4 value or use value of the property to its present owner, and
6 5 the good will or value of a business which uses the property
6 6 as distinguished from the value of the property as property.
6 7 However, in assessing property that is rented or leased to
6 8 low-income individuals and families as authorized by section
6 9 42 of the Internal Revenue Code, as amended, and which section
6 10 limits the amount that the individual or family pays for the
6 11 rental or lease of units in the property, the assessor shall
6 12 use the productive and earning capacity from the actual rents
6 13 received as a method of appraisal and shall take into account
6 14 the extent to which that use and limitation reduces the market
6 15 value of the property. The assessor shall not consider any
6 16 tax credit equity or other subsidized financing as income
6 17 provided to the property in determining the assessed value.
6 18 The property owner shall notify the assessor when property is
6 19 withdrawn from section 42 eligibility under the Internal
6 20 Revenue Code. The property shall not be subject to section 42
6 21 assessment procedures for the assessment year for which
6 22 section 42 eligibility is withdrawn. This notification must
6 23 be provided to the assessor no later than March 1 of the
6 24 assessment year or the owner will be subject to a penalty of
6 25 five hundred dollars for that assessment year. The penalty
6 26 shall be collected at the same time and in the same manner as
6 27 regular property taxes. Upon adoption of uniform rules by the
6 28 ~~revenue~~ department of revenue or succeeding authority covering
6 29 assessments and valuations of such properties, ~~said the~~
6 30 valuation on such properties shall be determined in accordance
6 31 ~~therewith~~ with such rules and in accordance with forms and
6 32 guidelines contained in the real property appraisal manual
6 33 prepared by the department as updated from time to time for
6 34 assessment purposes to assure uniformity, but such rules,
6 35 forms, and guidelines shall not be inconsistent with or change

7 1 the foregoing means of determining the actual, market, taxable
7 2 and assessed values.

7 3 Sec. 7. Section 441.21, subsections 4 and 5, Code 2005,
7 4 are amended to read as follows:

7 5 4. For valuations established as of January 1, 1979, the
7 6 percentage of actual value at which agricultural and
7 7 residential property shall be assessed shall be the quotient
7 8 of the dividend and divisor as defined in this section. The
7 9 dividend for each class of property shall be the dividend as
7 10 determined for each class of property for valuations
7 11 established as of January 1, 1978, adjusted by the product
7 12 obtained by multiplying the percentage determined for that
7 13 year by the amount of any additions or deletions to actual
7 14 value, excluding those resulting from the revaluation of
7 15 existing properties, as reported by the assessors on the
7 16 abstracts of assessment for 1978, plus six percent of the
7 17 amount so determined. ~~However, if the difference between the~~
~~7 18 dividend so determined for either class of property and the~~
~~7 19 dividend for that class of property for valuations established~~
~~7 20 as of January 1, 1978, adjusted by the product obtained by~~
~~7 21 multiplying the percentage determined for that year by the~~
~~7 22 amount of any additions or deletions to actual value,~~
~~7 23 excluding those resulting from the revaluation of existing~~
~~7 24 properties, as reported by the assessors on the abstracts of~~
~~7 25 assessment for 1978, is less than six percent, the 1979~~
~~7 26 dividend for the other class of property shall be the dividend~~
~~7 27 as determined for that class of property for valuations~~
~~7 28 established as of January 1, 1978, adjusted by the product~~
~~7 29 obtained by multiplying the percentage determined for that~~
~~7 30 year by the amount of any additions or deletions to actual~~
~~7 31 value, excluding those resulting from the revaluation of~~
~~7 32 existing properties, as reported by the assessors on the~~
~~7 33 abstracts of assessment for 1978, plus a percentage of the~~
~~7 34 amount so determined which is equal to the percentage by which~~
~~7 35 the dividend as determined for the other class of property for~~
8 1 valuations established as of January 1, 1978, adjusted by the
8 2 product obtained by multiplying the percentage determined for
8 3 that year by the amount of any additions or deletions to
8 4 actual value, excluding those resulting from the revaluation
8 5 of existing properties, as reported by the assessors on the
8 6 abstracts of assessment for 1978, is increased in arriving at
8 7 the 1979 dividend for the other class of property. The
8 8 divisor for each class of property shall be the total actual
8 9 value of all such property in the state in the preceding year,
8 10 as reported by the assessors on the abstracts of assessment
8 11 submitted for 1978, plus the amount of value added to said
8 12 total actual value by the revaluation of existing properties
8 13 in 1979 as equalized by the director of revenue pursuant to
8 14 section 441.49. The director shall utilize information
8 15 reported on abstracts of assessment submitted pursuant to
8 16 section 441.45 in determining such percentage. For valuations
8 17 established as of January 1, 1980, and each year thereafter,
8 18 the percentage of actual value as equalized by the director of
8 19 revenue as provided in section 441.49 at which agricultural
8 20 and residential property shall be assessed shall be calculated
8 21 in accordance with the methods provided ~~herein including the~~
~~8 22 limitation of increases in agricultural and residential~~
~~8 23 assessed values to the percentage increase of the other class~~
~~8 24 of property if the other class increases less than the~~
~~8 25 allowable limit adjusted to include the applicable and current~~
~~8 26 values as equalized by the director of revenue in this~~
8 27 subsection, except that any references to six percent in this
8 28 subsection shall be four percent. For valuations established
8 29 as of January 1, 2005, and each year thereafter, the
8 30 percentage of actual value as equalized by the director of
8 31 revenue as provided in section 441.49 at which agricultural
8 32 and residential property shall be assessed shall be calculated
8 33 in accordance with the methods provided in this subsection and
8 34 subsection 5A, except that any references to six percent in
8 35 this subsection shall be four percent.

9 1 5. For valuations established as of January 1, 1979,
9 2 commercial property and industrial property, excluding
9 3 properties referred to in section 427A.1, subsection 7, shall
9 4 be assessed as a percentage of the actual value of each class
9 5 of property. The percentage shall be determined for each
9 6 class of property by the director of revenue for the state in
9 7 accordance with the provisions of this section. For
9 8 valuations established as of January 1, 1979, the percentage
9 9 shall be the quotient of the dividend and divisor as defined
9 10 in this section. The dividend for each class of property
9 11 shall be the total actual valuation for each class of property

9 12 established for 1978, plus six percent of the amount so
9 13 determined. The divisor for each class of property shall be
9 14 the valuation for each class of property established for 1978,
9 15 as reported by the assessors on the abstracts of assessment
9 16 for 1978, plus the amount of value added to the total actual
9 17 value by the revaluation of existing properties in 1979 as
9 18 equalized by the director of revenue pursuant to section
9 19 441.49. For valuations established as of January 1, 1979,
9 20 property valued by the department of revenue pursuant to
9 21 chapters 428, 433, 437, and 438 shall be considered as one
9 22 class of property and shall be assessed as a percentage of its
9 23 actual value. The percentage shall be determined by the
9 24 director of revenue in accordance with the provisions of this
9 25 section. For valuations established as of January 1, 1979,
9 26 the percentage shall be the quotient of the dividend and
9 27 divisor as defined in this section. The dividend shall be the
9 28 total actual valuation established for 1978 by the department
9 29 of revenue, plus ten percent of the amount so determined. The
9 30 divisor for property valued by the department of revenue
9 31 pursuant to chapters 428, 433, 437, and 438 shall be the
9 32 valuation established for 1978, plus the amount of value added
9 33 to the total actual value by the revaluation of the property
9 34 by the department of revenue as of January 1, 1979. For
9 35 valuations established as of January 1, 1980, commercial
10 1 property and industrial property, excluding properties
10 2 referred to in section 427A.1, subsection 7, shall be assessed
10 3 at a percentage of the actual value of each class of property.
10 4 The percentage shall be determined for each class of property
10 5 by the director of revenue for the state in accordance with
10 6 the provisions of this section. For valuations established as
10 7 of January 1, 1980, the percentage shall be the quotient of
10 8 the dividend and divisor as defined in this section. The
10 9 dividend for each class of property shall be the dividend as
10 10 determined for each class of property for valuations
10 11 established as of January 1, 1979, adjusted by the product
10 12 obtained by multiplying the percentage determined for that
10 13 year by the amount of any additions or deletions to actual
10 14 value, excluding those resulting from the revaluation of
10 15 existing properties, as reported by the assessors on the
10 16 abstracts of assessment for 1979, plus four percent of the
10 17 amount so determined. The divisor for each class of property
10 18 shall be the total actual value of all such property in 1979,
10 19 as equalized by the director of revenue pursuant to section
10 20 441.49, plus the amount of value added to the total actual
10 21 value by the revaluation of existing properties in 1980. The
10 22 director shall utilize information reported on the abstracts
10 23 of assessment submitted pursuant to section 441.45 in
10 24 determining such percentage. For valuations established as of
10 25 January 1, 1980, property valued by the department of revenue
10 26 pursuant to chapters 428, 433, 437, and 438 shall be assessed
10 27 at a percentage of its actual value. The percentage shall be
10 28 determined by the director of revenue in accordance with the
10 29 provisions of this section. For valuations established as of
10 30 January 1, 1980, the percentage shall be the quotient of the
10 31 dividend and divisor as defined in this section. The dividend
10 32 shall be the total actual valuation established for 1979 by
10 33 the department of revenue, plus eight percent of the amount so
10 34 determined. The divisor for property valued by the department
10 35 of revenue pursuant to chapters 428, 433, 437, and 438 shall
11 1 be the valuation established for 1979, plus the amount of
11 2 value added to the total actual value by the revaluation of
11 3 the property by the department of revenue as of January 1,
11 4 1980. For valuations established as of January 1, 1981, and
11 5 each year thereafter, the percentage of actual value as
11 6 equalized by the director of revenue as provided in section
11 7 441.49 at which commercial property and industrial property,
11 8 excluding properties referred to in section 427A.1, subsection
11 9 7, shall be assessed shall be calculated in accordance with
11 10 the methods provided herein in this subsection, except that
11 11 any references to six percent in this subsection shall be four
11 12 percent. For valuations established as of January 1, 1981,
11 13 and each year thereafter, the percentage of actual value at
11 14 which property valued by the department of revenue pursuant to
11 15 chapters 428, 433, 437, and 438 shall be assessed shall be
11 16 calculated in accordance with the methods provided herein,
11 17 except that any references to ten percent in this subsection
11 18 shall be eight percent. Beginning with valuations established
11 19 as of January 1, 1979, and each year thereafter, property
11 20 valued by the department of revenue pursuant to chapter 434
11 21 shall also be assessed at a percentage of its actual value
11 22 which percentage shall be equal to the percentage determined

11 23 by the director of revenue for commercial property, industrial
11 24 property, or property valued by the department of revenue
11 25 pursuant to chapters 428, 433, 437, and 438, whichever is
11 26 lowest. For valuations established as of January 1, 2005, and
11 27 each year thereafter, the percentage of actual value as
11 28 equalized by the director of revenue as provided in section
11 29 441.49 at which commercial and industrial property shall be
11 30 assessed shall be calculated in accordance with the methods
11 31 provided in this subsection and subsection 5A, except that any
11 32 references to six percent in this subsection shall be four
11 33 percent.

11 34 Sec. 8. Section 441.21, Code 2005, is amended by adding
11 35 the following new subsection:

12 1 NEW SUBSECTION. 5A. Notwithstanding the limitation of
12 2 increases in subsection 4 and the limitation of increases for
12 3 commercial and industrial property in subsection 5, for
12 4 valuations established as of January 1, 2005, and each year
12 5 thereafter, for residential, agricultural, commercial, and
12 6 industrial property, the assessed values of these four classes
12 7 of property shall be limited to the percentage increase of
12 8 that class of property that is the lowest percentage increase
12 9 under the allowable limit adjusted to include the applicable
12 10 and current values as equalized by the director of revenue.

12 11 Sec. 9. Section 441.28, Code 2005, is amended to read as
12 12 follows:

12 13 441.28 ASSESSMENT ROLLS == CHANGE == NOTICE TO TAXPAYER.

12 14 The assessment shall be completed not later than April 15
12 15 each year. If the assessor makes any change in an assessment
12 16 after it has been entered on the assessor's rolls, the
12 17 assessor shall note on ~~said~~ the roll, together with the
12 18 original assessment, the new assessment and the reason for the
12 19 change, together with the assessor's signature and the date of
12 20 the change. Provided, however, in the event the assessor
12 21 increases any assessment the assessor shall give notice in
12 22 writing thereof to the taxpayer by mail prior to the meeting
12 23 of the board of review. No changes shall be made on the
12 24 assessment rolls after April 15 except by order of the board
12 25 of review or of the property assessment appeal board, or by
12 26 decree of court.

12 27 Sec. 10. Section 441.35, unnumbered paragraph 2, Code
12 28 2005, is amended to read as follows:

12 29 In any year after the year in which an assessment has been
12 30 made of all of the real estate in any taxing district, ~~it~~

~~12 31 shall be the duty of the board of review to shall~~ meet as
12 32 provided in section 441.33, and where ~~it~~ the board finds the
12 33 same has changed in value, ~~to the board shall~~ revalue and
12 34 reassess any part or all of the real estate contained in such
12 35 taxing district, and in such case, ~~it~~ the board shall

13 1 determine the actual value as of January 1 of the year of the
13 2 revaluation and reassessment and compute the taxable value
13 3 thereof, ~~and any.~~ Any aggrieved taxpayer may petition for a
13 4 revaluation of the taxpayer's property, but no reduction or
13 5 increase shall be made for prior years. If the assessment of
13 6 any such property is raised, or any property is added to the
13 7 tax list by the board, the clerk shall give notice in the
13 8 manner provided in section 441.36, ~~provided, however, that.~~

~~13 9 However,~~ if the assessment of all property in any taxing
13 10 district is raised, the board may instruct the clerk to give
13 11 immediate notice by one publication in one of the official
13 12 newspapers located in the taxing district, and such published
13 13 notice shall take the place of the mailed notice provided for
13 14 in section 441.36, but all other provisions of ~~said that~~
13 15 section shall apply. The decision of the board as to the
13 16 foregoing matters shall be subject to appeal to the property
13 17 assessment appeal board within the same time and in the same
13 18 manner as provided in section 441.37A and to the district

13 19 court within the same time and in the same manner as provided
13 20 in section 441.38.

13 21 Sec. 11. NEW SECTION. 441.37A APPEAL OF PROTEST TO
13 22 PROPERTY ASSESSMENT APPEAL BOARD.

13 23 1. For the assessment year beginning January 1, 2007, and
13 24 all subsequent assessment years, appeals may be taken from the
13 25 action of the board of review with reference to protests of
13 26 assessment, valuation, or application of an equalization order
13 27 to the property assessment appeal board created in section
13 28 421.1A. However, a property owner or aggrieved taxpayer or an
13 29 appellant described in section 441.42 may bypass the property
13 30 assessment appeal board and appeal the decision of the local
13 31 board of review to the district court pursuant to section
13 32 441.38. For an appeal to the property assessment appeal board
13 33 to be valid, written notice must be filed by the party

13 34 appealing the decision with the executive secretary of the
13 35 property assessment appeal board within twenty days after the
14 1 date the board of review's letter of disposition of the appeal
14 2 is postmarked to the party making the protest. The written
14 3 notice of appeal shall include a petition setting forth the
14 4 basis of the appeal and the relief sought. No new grounds in
14 5 addition to those set out in the protest to the local board of
14 6 review as provided in section 441.37 can be pleaded, but
14 7 additional evidence to sustain those grounds may be
14 8 introduced. The assessor shall not have the same right to
14 9 appeal to the assessment appeal board as an individual
14 10 taxpayer, public body, or other public officer as provided in
14 11 section 441.42.

14 12 Filing of the written notice of appeal and petition with
14 13 the executive secretary of the property assessment appeal
14 14 board shall preserve all rights of appeal of the appellant,
14 15 except as otherwise provided in subsection 2. A copy of the
14 16 appellant's written notice of appeal and petition shall be
14 17 mailed by the executive secretary of the property assessment
14 18 appeal board to the local board of review whose decision is
14 19 being appealed. In all cases where a change in assessed
14 20 valuation of one hundred thousand dollars or more is
14 21 petitioned for, the local board of review shall mail a copy of
14 22 the written notice of appeal and petition to all affected
14 23 taxing districts as shown on the last available tax list.

14 24 2. A party to the appeal may request a hearing or the
14 25 appeal may proceed without a hearing. If a hearing is
14 26 requested, the appellant and the local board of review from
14 27 which the appeal is taken shall be given at least thirty days'
14 28 written notice by the property assessment appeal board of the
14 29 date the appeal shall be heard and the local board of review
14 30 may be present and participate at such hearing. Notice to all
14 31 affected taxing districts shall be deemed to have been given
14 32 when written notice is provided to the local board of review.
14 33 Failure by the appellant to appear at the property assessment
14 34 appeal board hearing shall be grounds for dismissal of the
14 35 appeal unless a continuance is granted to the appellant. If
15 1 an appeal is dismissed for failure to appear, the property
15 2 assessment appeal board shall have no jurisdiction to consider
15 3 any subsequent appeal on the appellant's protest.

15 4 An appeal may be considered by less than a majority of the
15 5 members of the board, and the chairperson of the board may
15 6 assign members to consider appeals. Appeals to the property
15 7 assessment appeal board may also be considered by an
15 8 administrative law judge assigned by the division of
15 9 administrative hearings of the department of inspections and
15 10 appeals in accordance with section 10A.801. If a hearing is
15 11 requested, it shall be open to the public and shall be
15 12 conducted in accordance with the rules of practice and
15 13 procedure adopted by the board. However, any deliberation of
15 14 the officer considering the appeal in reaching a decision on
15 15 any appeal shall be confidential. The property assessment
15 16 appeal board, or any member of the board, or an administrative
15 17 law judge may require the production of any books, records,
15 18 papers, or documents as evidence in any matter pending before
15 19 the board that may be material, relevant, or necessary for the
15 20 making of a just decision. Any books, records, papers, or
15 21 documents produced as evidence shall become part of the record
15 22 of the appeal. Any testimony given relating to the appeal
15 23 shall be transcribed and made a part of the record of the
15 24 appeal.

15 25 3. a. The officer considering the appeal shall determine
15 26 anew all questions arising before the local board of review
15 27 which relate to the liability of the property to assessment or
15 28 the amount thereof. All of the evidence shall be considered
15 29 and there shall be no presumption as to the correctness of the
15 30 valuation of assessment appealed from. The property
15 31 assessment appeal board shall make a decision in each appeal
15 32 filed with the board. If the appeal is considered by less
15 33 than a majority of the board or by an administrative law
15 34 judge, the determination made by that person shall be
15 35 forwarded to the full board for approval, rejection, or
16 1 modification. If the initial determination is rejected by the
16 2 board, it shall be returned for reconsideration to the board
16 3 member or administrative law judge making the initial
16 4 determination. Any deliberation of the board regarding an
16 5 initial determination shall be confidential.

16 6 b. The decision of the board shall be considered the final
16 7 agency action for purposes of further appeal, except as
16 8 otherwise provided in section 441.49. The decision shall be
16 9 final unless appealed to district court as provided in section

16 10 441.38. The levy of taxes on any assessment appealed to the
16 11 board shall not be delayed by any proceeding before the board,
16 12 and if the assessment appealed from is reduced by the decision
16 13 of the board, any taxes levied upon that portion of the
16 14 assessment reduced shall be abated or, if already paid, shall
16 15 be refunded. If the subject of an appeal is the application
16 16 of an equalization order, the property assessment appeal board
16 17 shall not order a reduction in assessment greater than the
16 18 amount that the assessment was increased due to application of
16 19 the equalization order. Each party to the appeal shall be
16 20 responsible for the costs of the appeal incurred by that
16 21 party.

16 22 Sec. 12. Section 441.38, Code 2005, is amended to read as
16 23 follows:

16 24 441.38 APPEAL TO DISTRICT COURT.

16 25 1. Appeals may be taken from the action of the local board
16 26 of review with reference to protests of assessment, to the
16 27 district court of the county in which the board holds its
16 28 sessions within twenty days after its adjournment or May 31,
16 29 whichever date is later. Appeals may be taken from the action
16 30 of the property assessment appeal board to the district court
16 31 of the county where the property which is the subject of the
16 32 appeal is located within twenty days after the letter of
16 33 disposition of the appeal by the property assessment appeal
16 34 board is postmarked to the appellant. No new grounds in
16 35 addition to those set out in the protest to the local board of
17 1 review as provided in section 441.37, or in addition to those
17 2 set out in the appeal to the property assessment appeal board,
17 3 if applicable, can be pleaded, but additional evidence to
17 4 sustain those grounds may be introduced. The assessor shall
17 5 have the same right to appeal and in the same manner as an
17 6 individual taxpayer, public body or other public officer as
17 7 provided in section 441.42. Appeals shall be taken by filing
17 8 a written notice of appeal with the clerk of district court.
17 9 Filing of the written notice of appeal shall preserve all
17 10 rights of appeal of the appellant.

17 11 2. Notice of appeal shall be served as an original notice
17 12 on the chairperson, presiding officer, or clerk of the board
17 13 of review, and on the executive secretary of the property
17 14 assessment appeal board, if applicable, after the filing of
17 15 notice under subsection 1 with the clerk of district court.

17 16 Sec. 13. Section 441.39, Code 2005, is amended to read as
17 17 follows:

17 18 441.39 TRIAL ON APPEAL.

17 19 The If the appeal is from a decision of the local board of
17 20 review, the court shall hear the appeal in equity and
17 21 determine anew all questions arising before the board which
17 22 relate to the liability of the property to assessment or the
17 23 amount thereof. The court shall consider all of the evidence
17 24 and there shall be no presumption as to the correctness of the
17 25 valuation of assessment appealed from. If the appeal is from
17 26 a decision of the property assessment appeal board, the
17 27 court's review shall be limited to the correction of errors at
17 28 law. Its decision shall be certified by the clerk of the
17 29 court to the county auditor, and the assessor, who shall
17 30 correct the assessment books accordingly.

17 31 Sec. 14. Section 441.43, Code 2005, is amended to read as
17 32 follows:

17 33 441.43 POWER OF COURT.

17 34 Upon trial of any appeal from the action of the board of
17 35 review or of the property assessment appeal board fixing the
18 1 amount of assessment upon any property concerning which
18 2 complaint is made, the court may increase, decrease, or affirm
18 3 the amount of the assessment appealed from.

18 4 Sec. 15. Section 441.49, unnumbered paragraph 5, Code
18 5 2005, is amended to read as follows:

18 6 The local board of review shall reconvene in special
18 7 session from October 15 to November 15 for the purpose of
18 8 hearing the protests of affected property owners or taxpayers
18 9 within the jurisdiction of the board whose valuation of
18 10 property if adjusted pursuant to the equalization order issued
18 11 by the director of revenue will result in a greater value than
18 12 permitted under section 441.21. The board of review shall
18 13 accept protests only during the first ten days following the
18 14 date the local board of review reconvenes. The board of
18 15 review shall limit its review to only the timely filed
18 16 protests. The board of review may adjust all or a part of the
18 17 percentage increase ordered by the director of revenue by
18 18 adjusting the actual value of the property under protest to
18 19 one hundred percent of actual value. Any adjustment so
18 20 determined by the board of review shall not exceed the

18 21 percentage increase provided for in the director's
18 22 equalization order. The determination of the board of review
18 23 on filed protests is final, subject to appeal to the property
18 24 assessment appeal board. A final decision by the local board
18 25 of review, or the property assessment appeal board, if the
18 26 local board's decision is appealed, is subject to review by
18 27 the director of revenue for the purpose of determining whether
18 28 the board's actions substantially altered the equalization
18 29 order. In making the review, the director has all the powers
18 30 provided in chapter 421, and in exercising the powers the
18 31 director is not subject to chapter 17A. Not later than
18 32 fifteen days following the adjournment of the board, the board
18 33 of review shall submit to the director of revenue, on forms
18 34 prescribed by the director, a report of all actions taken by
18 35 the board of review during this session.

19 1 Sec. 16. Section 445.60, Code 2005, is amended to read as
19 2 follows:

19 3 445.60 REFUNDING ERRONEOUS TAX.

19 4 The board of supervisors shall direct the county treasurer
19 5 to refund to the taxpayer any tax or portion of a tax found to
19 6 have been erroneously or illegally paid, with all interest,
19 7 fees, and costs actually paid. A refund shall not be ordered
19 8 or made unless a claim for refund is presented to the board
19 9 within two years of the date the tax was due, or if appealed
19 10 to the board of review, the property assessment appeal board,
19 11 the state board of tax review, or district court, within two
19 12 years of the final decision.

19 13 Sec. 17. RETROACTIVE APPLICABILITY. The sections of this
19 14 Act amending section 441.21, subsections 4 and 5, and enacting
19 15 section 441.21, subsection 5A, apply retroactively to January
19 16 1, 2005, for assessment years beginning on or after that date.

19 17 EXPLANATION

19 18 This bill makes changes relating to property taxation by
19 19 enacting and amending provisions relating to funding of city
19 20 and county budgets and relating to assessment of property.

19 21 The bill requires that counties and cities shall first fund
19 22 essential services before budgeting for services that are not
19 23 essential services. The bill defines "essential services".

19 24 The bill creates a statewide property assessment appeal
19 25 board to hear appeals from action taken by local boards of
19 26 review effective for the assessment year beginning January 1,
19 27 2007. However, an aggrieved taxpayer or property owner may
19 28 bypass the statewide property assessment appeal board and
19 29 appeal a decision of the local board of review directly to
19 30 district court. The bill provides that the property
19 31 assessment appeal board is created within the department of
19 32 revenue. A decision of the property assessment appeal board
19 33 may be appealed to district court.

19 34 The bill requires local assessors, when assessing property,
19 35 to use the forms and apply the guidelines contained in the
20 1 real property appraisal manual prepared by the department of
20 2 revenue. If the department determines that an assessor, when
20 3 assessing property, is willfully disregarding rules, forms,
20 4 and guidelines of the department, the department shall take
20 5 steps to withhold the county's or city's homestead property
20 6 tax credit reimbursement by the state until the assessor
20 7 complies with the rules, forms, and guidelines.

20 8 The bill ties together the assessment limitations of
20 9 residential, agricultural, commercial, and industrial property
20 10 by limiting the percentage increase in all of those classes of
20 11 property to the percentage increase of that class of property
20 12 that is the lowest percentage increase under the allowable (4
20 13 percent) limit. This portion of the bill applies
20 14 retroactively to January 1, 2005, for assessment years
20 15 beginning on or after that date.

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